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### **WEST SUBURBAN MAN SENTENCED TO 10 YEARS IN FEDERAL PRISON FOR SWINDLING 75 VICTIMS IN \$28 MILLION “PONZI” SCHEME**

CHICAGO — Saying a fraud defendant’s conduct was “despicable” and “outrageous” and caused “tragic” consequences for his victims, a federal judge sentenced a west suburban man to 10 years in prison for swindling some 75 victims, many of whom lost their retirement funds and life savings. U.S. District Judge John Darrah nearly doubled advisory federal sentencing guidelines in imposing the 10-year prison term for **Matthew Scott**, who lured his victims, including many close friends, to invest approximately \$28 million over nine years in a business that he falsely represented purchased used high-speed commercial printers that were re-sold for a substantial profit. Scott, who then used the money instead to make “Ponzi-type” payments to earlier investors, had pleaded guilty in January to one count of mail fraud.

Scott, 51, of Elmhurst, was ordered to begin serving his sentence on Sept. 23 and was also ordered to pay \$4.9 million in restitution. Judge Darrah imposed the sentence last Thursday after hearing directly from three victims of the fraud scheme, as well as considering victim impact letters from more than a dozen others, announced Patrick J. Fitzgerald, United States Attorney for the

Northern District of Illinois, and Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation.

Mail fraud carries maximum penalty of 20 years but Scott's plea agreement anticipated a sentencing guidelines range of 63 to 78 months. Judge Darrah determined that 10 years was a reasonable sentence under the circumstances. Scott was president and sole owner of a printer repair company known as Gelsco, Inc., located in Northlake. Between early 2000 and March 2009, he fraudulently obtained at least \$28 million from approximately 75 investors, and caused the victims to lose a total of \$4.9 million.

Scott admitted that he falsely told investors that their funds would be used to purchase, or finance the purchase of, printers that had a value of more than \$100,000, which would be sold to third-parties. He further told investors that there were specific buyers and sellers of printers, when, in fact, he and Gelsco did not purchase or finance any such printers. Instead, Scott fabricated false purchase orders, invoices, promissory notes and other documents that he provided to investors.

He falsely told investors that Gelsco increased the cost of the printers approximately 10-12 percent and earned substantial profits, usually within 90 days or less, which he promised to split with the investors. In fact, he never attempted to build a business or generate profits.

Over nine years, Scott had to continually raise funds from investors to make payments to earlier investors, all of which he concealed and intentionally failed to disclose to new and old investors alike.

The government was represented by Assistant U.S. Attorney Jacqueline Stern.

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